Crest Nicholson Group Pension and Life Assurance Scheme

Annual Report and Financial Statements for the Scheme Year ended 31 January 2018

Pension scheme registration number: 100113710

Crest Nicholson Group Pension and Life Assurance Scheme

Contents **Page**

Crest Nicholson Group Pension and Life Assurance Scheme

Trustee and advisers

Trustee	Duncan Charles Revolta (to 1 November 2017) Jeremy Fry (to 1 November 2017) BS Pensions Trustees Limited (to 1 November 2017) Crest Nicholson Pension Trustee Limited (from 1 November 2017)
Trustee directors (from 1 November 2017)	Duncan Charles Revolta Tim Illston Jeremy Fry (member nominated)
Scheme actuary	Adam Stanley FIA Punter Southall Consulting Actuaries
Independent Scheme auditors	PricewaterhouseCoopers LLP
Investment managers	M&G Investment Management Limited Schroder Investment Management Limited (to 27 June 2017) Ruffer LLP Winton Capital Management Limited (to 2 October 2017) CQS (UK) LLP BlueCrest Capital Management LLP JO Hambro Capital Management Limited Legal & General Assurance (Pensions Management) Limited Gilliat Financial Solutions Kiltearn Partners LLP Mercer Global Investments Europe Limited BlackRock Investment Management (UK) Limited GMO UK Limited (from 4 October 2017) Insight Investments Funds Management Limited (from 29 September 2017)
Annuity provider	The Prudential Assurance Company Limited
Legal adviser	Baker & McKenzie LLP
Administrators of Scheme benefits	Equiniti Pension Solutions
Bankers	Lloyds Bank Plc Barclays Bank Plc
Financial advisers	Mercer Limited
AVC providers	Phoenix Life Limited The Prudential Assurance Company Limited Zurich Assurance Limited
Principal employer	Crest Nicholson Plc

Trustee and advisers - continued

Enquiries

Stephanie Fleming
Assistant Secretary to the Trustee
Crest Nicholson Group Pension & Life Assurance Scheme
Crest House
Pyrcroft Road
Chertsey
Surrey KT16 9GN

or

stephanie.fleming@crestnicholson.com

Crest Nicholson Group Pension and Life Assurance Scheme

Trustee's Report for the Scheme Year ended 31 January 2018

The directors of the Trustee Company present their annual report and audited financial statements in respect of the Crest Nicholson Group Pension and Life Assurance Scheme ('the Scheme') for the Scheme Year ended 31 January 2018.

Constitution of the Scheme

The Scheme provides retirement benefits for Members and their Dependants. The Scheme, which is legally and financially separate from the Employers, is constituted by a Trust Deed and is administered in accordance with the Rules by the Trustee. The Scheme is a defined benefit scheme which means that the benefits under it are calculated on a pre-determined basis specified in the Scheme Rules.

The Scheme is a Registered Pension Scheme within the meaning given by section 150(2) of the Finance Act 2004. To the Trustee's knowledge, there is no reason why the Scheme's Registration should be prejudiced or withdrawn.

Members of the Scheme were contracted-out of the earnings-related part of the State scheme until 30 April 2010.

The Scheme closed to new entrants with effect from 1 October 2001. The Scheme closed to future accrual (and death in service benefits ceased) on 30 April 2010.

Management of the Scheme

The Trustees who served during the Scheme Year are listed on page 3.

All Trustees resigned and were replaced by Crest Nicholson Pension Trustee Limited, a sole corporate trustee, with effect from 1 November 2017, of which the prior Trustees are Directors.

In accordance with The Occupational Pension Schemes (Member-Nominated Trustees and Directors) Regulations 2006, eligible members have the opportunity to nominate and select one third of the directors.

The member-nominated director is Jeremy Fry.

The remaining directors are selected and appointed (and may also be removed) by the Principal Employer.

The sponsoring Employer is Crest Nicholson Plc (the Principal Employer) and Crest Nicholson Operations Limited is a participating employer.

The Trustee has appointed professional organisations to assist them with the management and operation of the Scheme. These organisations are listed on pages 3 and 4.

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS102), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme Year and of the amount and disposition at the end of the Scheme Year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme Year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Act 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Financial development of the Scheme

The financial statements have been prepared and audited in accordance with section 41(1) and (6) of the Pension Act 1995.

The statement of net assets available for benefits on page 27 shows that the Scheme had net assets with a value of £202,731,981 at 31 January 2018 (2017: £189,939,937). This represents an increase of £12,792,044 (2017: an increase of £30,871,595) over the Scheme Year.

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 January 2015. This showed a deficit of £22.7 million on that date derived as follows:

- The value of the technical provisions was £182.5 million
- The value of the assets was £159.8 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles dated 6 November 2015):

Method

The actuarial method used in the calculation of the technical provisions was the Defined Benefit Accrued Method.

Significant actuarial assumptions

Pre retirement discount interest rate: Bank of England's Government Liability Curve at a duration of 18 years plus an addition of 3.5% per annum.

Post retirement discount interest rate: Yield on the over 15 year iBoxx AA rated corporate bond.

Future retail price inflation: Bank of England implied Inflation Government Liability Curve at a duration of 18 years.

Future consumer price inflation: set as future retail price inflation less an adjustment equal to 0.75% per annum.

Future pension increases in payment: pensions in payment accrued after 5 April 1997 increase in line with retail price inflation subject to a cap of 5% per annum. These are derived from future retail price inflation using the Black Scholes actuarial model with price inflation volatility of 1.75% per annum. Pension accrued before this date increases at 3% per annum.

Future pension increases in deferment: set as future consumer price inflation for pension in excess of guaranteed minimum pensions.

Future mortality in retirement: standard base table of the SAPS tables (S2PA) with an allowance for future improvements in line with the CMI 2014 projection model using a long term annual improvement rate of 1.5%.

A recovery plan is in place to reduce the deficit. Details of this can be found in note 4 on page 29. Deficit funding contributions are paid in accordance with the Schedule of Contributions, the certification of which is on page 41.

Crest Nicholson Group Pension and Life Assurance Scheme

Trustee's Report for the Scheme Year ended 31 January 2018

Investment management

During the Scheme Year covered by this report, main fund investments have been held with M&G Investment Management Limited ("M&G"), Schroder Investment Management Limited ("Schroders"), Ruffer LLP ("Ruffer"), Winton Capital Management Limited ("Winton"), CQS (UK) LLP ("CQS"), BlueCrest Capital Management LLP ("BlueCrest"), JO Hambro Capital Management Limited ("JO Hambro"), Legal & General Assurance (Pensions Management) Limited ("L&G"), Gilliat Financial Solutions ("Gilliat"), Kiltearn Partners LLP ("Kiltearn"), Mercer Global Investments Europe Limited ("MGIM"), BlackRock Investment Management (UK) Limited ("BlackRock"), GMO UK Limited ("GMO") and Insight Investments Funds Management Limited ("Insight"). Further details about the investments of the Scheme are given in the notes to the financial statements (see page 31) and the investment report below.

Additional Voluntary Contributions are invested with The Prudential Assurance Company Limited, Phoenix Life Limited and Zurich Assurance Limited according to the wishes of individual members.

The Trustee confirms that the investments of the Scheme are invested in accordance with the Occupational Pensions Schemes (Investment) Regulations 1996.

Investment report

General

Over the year the Trustee continued to keep the Scheme's investment's under review with the assistance of their advisors as well as a comprehensive risk management matrix that looks at the employer's financial strength, investment returns of the portfolio and the funding objectives of the Scheme to help shape the investment strategy for the Scheme. As a result the Trustee decided to reduce the Scheme's target allocation to growth assets on 1 February 2017 (with a lower UK Equity allocation but increased Alternatives allocation), and to increase the allocation to fixed income assets in order to reduce equity exposure and risk within the portfolio. The rationale for this was based on concerns around equity market volatility going forward, and the view that the overall funding objectives could still be achieved though taking less risk. The Trustee also had concerns around the economic and political uncertainty at the time (following the outcome of the UK's EU referendum and the US election), and the potential for further negative short term market movements.

The Schroder UK Equity allocation was reduced with proceeds split evenly between CQS Convertible Bonds (within the Alternatives portfolio) and L&G Index-Linked Gilts (within the Fixed Income Defensive portfolio), as it was felt that equities in particular were looking expensive relative to historic norms, and it would allow profits to be taken as equities had produced exceptionally strong returns in the preceding years.

In July 2017, the Trustee made the decision to replace Winton with a different manager due to concerns with their long term performance and changes to their investment team. The GMO Systematic Global Macro Major Markets Fund was chosen to replace Winton. An allocation to alternatives was retained here with the aim of providing growth-like returns, but with less correlation to more traditional (equity) markets, maintaining diversification within the Scheme's investments.

Proceeds were also invested in a new Insight Secured Finance mandate that was introduced at the end of September 2017. This holding sits within the Fixed Income Growth portfolio and aims to benefit from a perceived premium in more illiquid areas of the credit markets.

Following a full review of the Scheme's investment strategy and long term objective, effective from 1 October 2017, the target allocation to growth assets was further reduced and the fixed income allocation increased in order to further reduce investment risk, and due to continued concerns over equity market risk. The remaining Schroder UK Equity allocation was terminated and the allocations to JO Hambro and Kiltearn Global Equity were reduced. The allocation to the Ruffer Absolute Return Fund, which holds some equities, was also reduced. The proceeds of these sales were split across GMO Global Macro, CQS Convertible Bonds and BlackRock Emerging Market Debt.

Investment report - continued

General - continued

Redemption proceeds from the BlueCrest holding continue to be distributed to the Scheme. This follows BlueCrest's decision at the end of 2015 to transition into a Private Investment Partnership and return assets to all external investors. As of 31 December 2015 all investors in the AllBlue Fund became interest creditors. The majority of the assets (which accounted for c.73% of the Scheme's holding) were returned in January 2016. As of 31 January 2018 c. 98% of the Scheme's investment, based on the 31 December 2015 valuation, had been returned.

The table below provides a high level summary of the changes to the Scheme's investment strategy:

Asset Class	Manager	From 1 October 2017 (%)	From 1 February 2017 to 30 September 2017 (%)	31 January 2017 (%)
Growth Investments		**43.0**	**53.0**	**55.5**
UK Equity		**-**	**5.0**	**10.0**
UK	Schroders	-	5.0	10.0
Global Equity		**10.0**	**15.0**	**15.0**
Global	JO Hambro	5.0	7.5	7.5
Global	Kiltearn	5.0	7.5	7.5
Alternatives		**33.0**	**33.0**	**30.5**
Alpha – GTAA	Winton	-	8.0	8.0
Alpha – Global Macro	GMO	10.0	-	-
Alpha – MultiStrategy	BlueCrest	-	-	-
Global – Absolute Return	Ruffer	12.0	16.5	16.5
Beta – Convertibles	CQS	11.0	8.5	6.0
Fixed Income Investments		**57.0**	**47.0**	**44.5**
Fixed Income Defensive		**22.0**	**20.5**	**18.0**
Index-Linked Gilts	L&G	22.0	20.5	18.0
Fixed Income Growth		**35.0**	**26.5**	**26.5**
Secured Finance	Insight	10.0	-	-
Multi Asset Credit	MGIM	6.5	5.0	5.0
Emerging Market Debt	BlackRock	7.0	5.0	5.0
Structured Products	Gilliat	11.5	16.5	16.5
Total		**100.0**	**100.0**	**100.0**

There is a degree of delegation of responsibility for investment decisions. The investment strategy is agreed by the Trustee after taking appropriate advice. The investment managers who are regulated by the Financial Conduct Authority ("FCA") have full discretion to buy and sell investments on behalf of the Scheme, subject to the constraints of their mandates.

Investment report - continued

Investment Objective

The Trustee's overall objective is to restore and then maintain a funding level of, or in excess of, 100% on an ongoing basis through the adoption of a prudent funding and investment strategy. The Trustee's investment strategy assumes the Scheme is ongoing and therefore makes allowance for future expected excess return of certain asset classes.

The Trustee believes that, over the long term, excess return will be generated through investing in equities, other return-enhancing asset classes and through the use of active management where appropriate. Furthermore, diversification into 'alternative' asset classes is expected to provide an offset to volatile equity returns. The aim will be to earn excess returns by taking investment risk in a controlled way.

The Scheme's investments are split into two strategic portfolios: growth investments and fixed income investments. The Scheme's allocation to growth investments consists of global equities and alternative asset classes. Their purpose is primarily to enhance returns relative to the Scheme's liabilities.

The growth managers currently appointed (as at 31 January 2018) are:

Global Equity Managers	Alternative Managers		
	Alpha (Skill)	**Global (Absolute Return)**	**Beta (Market Exposure)**
• JO Hambro • Kiltearn	• BlueCrest* • GMO	• Ruffer	• CQS

*BlueCrest closed to external investors as at 31 December 2015 at which point investors in the AllBlue Fund, including the Scheme, became interest creditors.

The fixed income investments comprise income yielding assets, including those with the objective to generate wealth (fixed income growth) and those with the aim to preserve wealth or provide returns more closely linked to the Scheme's liabilities (fixed income defensive).

The fixed income managers currently appointed (as at 31 January 2018) are:

Fixed Income Defensive Managers	Fixed Income Growth Managers		Cash Managers
• L&G	• BlackRock • Gilliat	• Insight • MGIM	• M&G

Investment principles

The Trustee has produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995, the Occupational Pension Scheme's (Investment) Regulations 2005 and subsequent legislation. A copy of the SIP is available upon request from Stephanie Fleming (see page 4).

Investment report - continued

Investment principles - continued

The main objectives of the Trustee when considering the investment policy are:

- To make sure the Trustee can meet its obligations to the beneficiaries of the Scheme;
- To ensure that the investment arrangements are consistent with the funding policy agreed with the Scheme Actuary.

The Trustee is satisfied that the mix of assets resulting from the agreed investment strategy, together with the investment managers' approach to stock selection provides a suitably diversified portfolio of assets. The Trustee is also satisfied that the underlying assets of the Scheme are sufficiently marketable and secure.

The strategic benchmark as set out in the SIP was updated on 1 February 2017 and 1 October 2017. The Trustee made this strategic decision with advice from Mercer as the Scheme's investment consultant. As at 31 January 2018, the Scheme allocations were broadly in line with the strategic benchmark.

Responsible Investment and Corporate Governance

The Trustee believes that good stewardship, ethical and environmental social governance ("ESG") issues may have a material impact on investment returns. The Trustee has given the investment managers full discretion when evaluating ESG issues and in exercising rights attached to the Scheme's investments.

Similarly, the Scheme's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code (where appropriate).

Managers who are authorised in the UK are expected to report on their adherence to these Codes on an annual basis.

Code of Best Practice

The principles set out in the Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essentials of investment governance, notably the importance of effective decision making, clear investment objectives and focus on the nature of each scheme's liabilities. The principles require that trustees include a statement of the Scheme's policy on responsible ownership in the SIP and report periodically to members on the discharge of these responsibilities.

The Trustee considers that its investment policies and its implementation are in keeping with these principles.

Investment report - continued

Asset Allocation by Manager

The following table shows the bid value (where available) of assets at the start and end of the year under review.

Asset Class	Manager	31 January 2018		31 January 2017	
		£'000s	%	£'000s	%
Growth Investments		**80,493**	**42.3**	**95,351**	**53.8**
UK Equity		-	-	**10,438**	**5.9**
UK	Schroders	-	-	10,438	5.9
Global Equity		**19,835**	**10.4**	**29,166**	**16.5**
Global	JO Hambro	10,399	5.5	14,258	8.0
Global [1]	Kiltearn	9,436	5.0	14,908	8.4
Alternatives		**60,659**	**31.9**	**55,747**	**31.5**
Alpha – GTAA	Winton	-	-	11,885	6.7
Alpha – Global Macro	GMO	18,344	9.6	-	-
Alpha – MultiStrategy [2]	BlueCrest	75	0.0	230	0.1
Global – Absolute Return	Ruffer	22,501	11.8	28,759	16.2
Beta – Convertibles [3]	CQS	19,739	10.4	14,873	8.4
Fixed Income Investments		**109,903**	**57.7**	**81,792**	**46.2**
Fixed Income Defensive		**39,505**	**20.7**	**37,861**	**21.4**
Index-Linked Gilts	L&G	39,505	20.7	37,861	21.4
Fixed Income Growth		**66,651**	**35.0**	**41,379**	**23.4**
Secured Finance	Insight	18,948	10.0	-	-
Multi Asset Credit	MGIM	13,107	6.9	12,456	7.0
Emerging Market Debt	BlackRock	13,884	7.3	8,959	5.1
Structured Product 1 [4]	Gilliat	10,319	5.4	10,508	5.9
Structured Product 2 [4]	Gilliat	10,393	5.5	9,457	5.3
Cash		**3,747**	**2.0**	**2,553**	**1.4**
Cash	M&G	299	0.2	299	0.2
Trustee Bank Account	-	3,448	1.8	2,254	1.3
Total		**190,396**	**100.0**	**177,143**	**100.0**

Source: Investment managers and Trustee. Numbers may not sum due to rounding.

[1] Kiltearn converted from USD to GBP at 31 January 2018 and 31 January 2017 exchange rates.

[2] 31 January 2018 BlueCrest valuation as at latest available date (30 September 2017).

[3] 31 January 2017 CQS valuation adjusted for £5m investment on 1 February 2017. This cash was transferred to CQS on 30 January 2017.

[4] Gilliat valuations are estimated by Mercer using the initial investment amount and the estimated bid price provided by Gilliat.

BlueCrest closed to external investors as of 31 December 2015 at which point investors in the AllBlue Fund, including the Scheme, became interest creditors (please see page 9 for more information). Proceeds are being returned to investors as and when available. All other assets are marketable. MGIM, CQS and Insight assets are valued monthly. Kiltearn is valued twice a month. L&G assets are valued weekly. All other assets can be valued on a daily basis.

Investment report - continued

Allocation between Asset Classes

The following table shows the split of assets by asset class at the start and end of the year under review.

The Alternatives and Fixed Income Defensive portfolio allocation increased over the year and the UK equity portfolio allocation decreased to zero. This was as a result of the Trustee's decision to diversify away from equities on consideration of the funding position of the Scheme and the political and economic landscape.

Asset Class	31 January 2018		31 January 2017	
	£'000s	%	£'000s	%
UK Equities	-	-	10,438	5.9
Global Equities	19,835	10.4	29,166	16.5
Alternatives	60,659	31.9	55,747	31.5
Fixed Income Defensive	39,505	20.7	37,861	21.4
Fixed Income Growth	66,651	35.0	41,379	23.4
Cash	3,747	2.0	2,553	1.4
Total	**190,396**	**100.0**	**177,143**	**100.0**

Source: Investment managers (based on bid values of assets where available) and Trustee.
Numbers may not sum due to rounding.

Review of Investment Performance

The table below shows the individual managers' returns and total fund return for the one year, three year and since inception periods to 31 December 2017 (for those managers in place as at 31 January 2018).

Asset Class	*Periods to 31 December 2017*	1 Year %	3 Years % p.a.	Since Inception[1] % p.a.	Inception Date
Growth Investments					
Global Equity					
Global	*JO Hambro**	15.5	12.3	15.2	31 Jul 2009
	Benchmark	13.0	14.5	13.1	
Global	*Kiltearn*	6.8	14.3	11.4	15 Nov 2013
	Benchmark	13.2	14.6	13.0	
Alternatives					
Alpha – Global Macro	*GMO*	-	-	-0.8	4 Oct 2017
	Benchmark	-	-	0.1	
Alpha – MultiStrategy	*BlueCrest* [2]	n/a	n/a	n/a	31 Jul 2009
	Benchmark [2]	n/a	n/a	n/a	
Global – Absolute Return	*Ruffer*	1.1	4.2	6.3	6 Aug 2009
	Benchmark	0.3	0.5	0.6	
Beta – Convertibles	*CQS*	8.7	5.9	6.7	3 Aug 2009
	Benchmark	0.3	0.5	0.6	

Crest Nicholson Group Pension and Life Assurance Scheme

Trustee's Report for the Scheme Year ended 31 January 2018

Investment report - continued

Review of Investment Performance - continued

Asset Class	Periods to 31 December 2017	1 Year %	3 Years % p.a.	Since Inception[1] % p.a.	Inception Date
Fixed Income Investments					
Fixed Income Defensive					
Index-Linked Gilts	*L&G**	2.5	8.9	10.1	31 Jul 2009
	Benchmark	2.5	8.9	10.1	
Fixed Income Growth					
Secured Finance	*Insight**	-	-	1.1	29 Sep 2017
	Benchmark	-	-	0.1	
Multi Asset Credit	*MGIM**	5.8	-	6.2	2 Nov 2015
	Benchmark	0.3	-	0.5	
Emerging Market Debt	*BlackRock**	13.8	-	15.5	23 Nov 2016
	Benchmark	13.9	-	15.5	
Structured Product 1	*Gilliat*	5.8	7.7	8.4	21 Dec 2012
	Benchmark	0.3	0.5	0.5	
Structured Product 2	*Gilliat*	18.5	12.1	8.2	4 Jul 2014
	Benchmark	0.3	0.5	0.5	
Cash					
Cash	*M&G*	0.1	0.2	0.9	31 Jul 2009
	Benchmark	0.2	0.3	0.4	
Total	***Total Scheme [3] (gross of fees)***	**5.9**	**7.7**	**8.8**	**31 Jul 2009**
	Total Scheme [3] (net of fees)	**5.4**	**7.4**	**8.6**	
	Benchmark [3]	**3.5**	**5.3**	**6.2**	

Source: Investment managers, Mercer. Returns are quoted net of fees in line with individual manager performance targets unless marked with an * in which case returns are quoted gross. Gilliat returns are estimated by Mercer using NAV provided by Gilliat.

[1] Since inception performance is annualised from the date of inception of the new strategy (31 July 2009), except for managers which were incepted after this date. Since inception performance for any mandate incepted less than one year ago will be cumulative from the date of its inception.

[2] BlueCrest performance is not shown due to unavailability of data at the time of writing. The since inception return was 5.9% p.a. as at 30 September 2017.

[3] Total Scheme (net of fees) performance represents a net of fees calculation over all periods shown. Total Scheme (gross of fees) performance represents a gross of fees calculation from 1 January 2017 onwards. Prior to this it is based on the returns quoted by the underlying managers and therefore represents a blend of gross and net of fees calculations in line with the stated policies of the managers. Both sets of numbers allow for any terminated mandates over the respective periods.

Market Background

The table below illustrates the returns of the major asset classes over the 12 months to 31 December 2017. The indices shown are the respective constituents of the FTSE series, unless otherwise stated. The figures in the second column show local currency (hedged) returns.

Underneath the chart commentary is provided on the Scheme and market performance to 31 December 2017. This date has been used rather than the accounting year end (31 January 2018) as the Trustee monitors performance on a quarterly basis.

Investment report – continued
Market Background - continued

Market	Twelve Months to 31 December 2017 (%)	
	Sterling Return	Local Currency Return
UK Equities	13.1	13.1
Overseas Equities	13.5	20.9
US Equities	11.5	22.1
European (ex UK) Equities	17.5	15.2
Japanese Equities	14.4	21.0
Asia Pacific (ex Japan) Equities	20.3	22.2
Emerging Market Equities	21.1	27.4
Emerging Market Debt (JPM GBI-EM)	5.2	8.9
Fixed Interest Gilts (Over 15 Years)	3.3	3.3
UK Corporate (BofA Merrill Lynch Sterling Non Gilts)	4.3	4.3
Index-Linked Gilts (Over 5 Years)	2.5	2.5
Cash (3 Month LIBOR)	0.3	0.3

Source: Thomson Reuters Datastream

Over the 12 month period to 31 December 2017, equities performed strongly against a backdrop of broad economic growth and increasing business and consumer confidence. Specifically, emerging market equities provided strong returns following good earnings growth and positive investor sentiment. Although the market began to focus on the implications of higher interest rates (with the Bank of England raising interest rates in November), bond performance was still marginally positive over the year.

Over the year to 31 December 2017, sterling appreciated 9.5% against the US Dollar and 5.7% against the Japanese yen. This lead to unhedged investors with assets denominated in these currencies realising lower returns than investors who had hedged the currency exposure. Over the same period, sterling depreciated against the euro by 3.8%.

Overseas equity markets, as measured by the FTSE World ex UK index, returned 13.5% in sterling terms. Over the same period, the Scheme's investments in global equities with JO Hambro and Kiltearn returned 15.5% and 6.8% respectively. In the UK, the FTSE All Share returned 13.1%.

The Alternatives portfolio managers are benchmarked against cash, which returned 0.3% over the year. Ruffer and CQS have outperformed this benchmark over the last year. GMO has not been in place a full year.

In general, defensive asset classes posted positive returns as bond yields remained at very low levels.

Index linked gilts, as measured by the FTSE UK Index Linked Gilts 5+ Year index returned 2.5% over the 12 month period to 31 December 2017, with the Scheme's investment in Index Linked Gilts with L&G posting the same returns over this period.

Local currency emerging market debt, as measured by the JP Morgan GBI-EM Index returned 5.2% in sterling terms over the 12-month period to 31 December 2017. The Scheme's mandate with BlackRock posted returns of 13.8% over the period. BlackRock manage their fund based on emerging market currencies versus the US Dollar (the currency of the master fund), and hedge US Dollar returns to sterling.

Investment report – continued

Basis of the Investment Managers' Fees

Investment Manager	Base Fee	Performance Related Fee
J O Hambro	0.70% p.a.	N/A
Kiltearn	1.0% p.a. on the first $15 million, 0.8% p.a. on the next $10 million, 0.7% p.a. on the next $50 million, 0.6% p.a. on the next $75 million and 0.5% p.a. thereafter	N/A
GMO	1.0% p.a.	N/A
BlueCrest	2.0% p.a.	20% of any outperformance above zero.
Ruffer*	1.0% p.a. on the first £10 million, 0.9% p.a. on the next £15 million, and 0.8% p.a. thereafter	N/A
CQS	0.75% p.a.	N/A
L&G Index Linked Gilts	0.10% p.a. for the first £5m 0.075% p.a. for the next £5m 0.05% p.a. for the next £20m 0.03% p.a. thereafter	N/A
Insight	0.50% p.a.	N/A
MGIM	0.2% p.a. MGIM fee Plus c. 0.58% p.a. manager fee (variable depending on underlying manager charges)	Plus performance related fee of underlying managers, currently approximately equivalent to 8% of value added over 4% p.a. hurdle rate.
BlackRock	0.50% p.a.	N/A
Gilliat - Structured Product 1	The total charges should not exceed 1.1% of the money invested if held until the end date of the product (21 December 2018)	
Gilliat – Structured Product 2	The total charges should not exceed 2.8% of the money invested if held until the end date of the product (5 July 2021)	
M&G Cash	0.10% p.a.	N/A

* For the purpose of this calculation, the funds under management exclude holdings in the Ruffer OEICs, which are charged separately. Further details available upon request.

Custodial Arrangements

All the Scheme assets, apart from those held with Ruffer and Gilliat are invested in pooled investment vehicles, and as such the Scheme does not directly own the underlying assets. Assets held with Ruffer and Gilliat are invested on a segregated basis and so the Scheme retains ownership of the underlying assets. The table below shows the custodians in place as at 31 January 2018.

Investment report – continued

Custodial Arrangements - continued

Manager	Pooled or Segregated	Custodian
JO Hambro	Pooled	RBC Investor Services
Kiltearn	Pooled	The Northern Trust Company
GMO	Pooled	State Street Custodial Services (Ireland) Limited
BlueCrest*	Pooled	n/a
Ruffer	Segregated	Ruffer LLP
CQS	Pooled	JPMorgan
MGIM	Pooled	State Street Custodial Services (Ireland) Limited
L&G	Pooled	HSBC Bank Plc Citibank N.A. The Northern Trust Company
Insight	Pooled	The Northern Trust Company
BlackRock	Pooled	Bank of New York Mellon
Gilliat	Segregated	Arbuthnot Latham
M&G	Pooled	HSBC Bank Plc

* BlueCrest closed to external investors as of 31 December 2015 at which point investors in the AllBlue Fund became interest creditors. The custodian information is not applicable. The share registry is held by the administrator, GlobeOp.

The Trustee has delegated the appointment and monitoring of the custodial function for the assets underlying the pooled funds to the investment managers of the respective funds. The custodian is responsible for the safekeeping of the documents relating to the ownership of the assets underlying the pooled vehicles.

Employer related investments

Details of employer related investments are given in note 20 to the financial statements on page 40.

Increases to pensions

(a) Deferred pensions

Deferred pensions were increased during the Scheme Year by an amount necessary to meet statutory requirements.

There were no discretionary increases to deferred pensions during the Scheme Year.

(b) Pensions in payment

Pensions in payment were increased during the Scheme Year as follows:

(i) That part of the pension appropriate to service before 6 April 1997 was increased by 3%.

(ii) That part of the pension appropriate to service after 5 April 1997 was increased by LPI.

There were no discretionary increases to pensions in payment during the Scheme Year.

The increases detailed above were made in accordance with the rules of the Scheme.

Crest Nicholson Group Pension and Life Assurance Scheme

Trustee's Report for the Scheme Year ended 31 January 2018

Scheme Membership

	Deferred members	Pensioners*
At 1 February 2017	863	723
Commencement of spouse's pension	-	10
Retirements	(21)	21
Deaths	(5)	(27)
Transfers out	(6)	-
Trivial commutations	(4)	-
At 31 January 2018	827	727

Out of the 727 pensioners, 210 (2017: 218) pensioners have their pensions funded by annuity purchases only, 426 (2017: 408) pensioners are being paid pensions from the Scheme fund only and 91 (2017: 97) pensioners are being paid pensions both by annuity purchases and from the Scheme fund.

*Including 107 (2017: 108) spouses and dependants of members in receipt of a pension.

Calculation of transfer values

Cash equivalents paid during the Scheme Year with respect to transfers out have been calculated and verified in the manner prescribed by the Pension Scheme Act 1993 and do not include discretionary benefits.

Summary of Contributions payable in the Scheme Year

During the Scheme Year, the contributions payable to the Scheme by the Employer were as follows:

	Employer £
Required by the Schedule of Contributions	
Deficit funding	9,000,000
Total required by the Schedule of Contributions per the Fund account	**9,000,000**

The Pensions Advisory Service (TPAS)

TPAS is available at any time to help Scheme members in connection with any pension query that they may have. TPAS services are offered online, in writing, via webchat and by telephone and can be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB

Pension Helpline: 0800 011 3797
Overseas Helpline: +44 207 932 5780
Website: www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman (TPO)

Any concerns connected with the Scheme should be referred to Stephanie Fleming (see page 4) who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the Trustee can consult with TPO. TPO may investigate and determine any complaint or dispute of fact or law in relation to the Scheme and can be contacted at:

The Pensions Ombudsman
10 South Colonade
Canary Wharf
London E14 4PU

Telephone: 0800 917 4487
E-mail: enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

Contact for further information

Enquiries about the Scheme generally or about an individual's entitlement to benefit should be sent to Stephanie Fleming (see page 4).

The Trustee's Report, including the Summary of Contributions, was approved by the Trustee on

14 JUNE 2018
....

Signed on behalf of the Trustee

Crest Nicholson Group Pension and Life Assurance Scheme

Chairman's DC Governance Statement
For the year ended 31 January 2018

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the trustees of schemes with money purchase benefits (other than schemes which only have money purchase benefits arising from AVCs) to include an annual statement regarding the governance of these benefits in the annual report. As the Scheme has a small number of members who transferred in money purchase benefits ("DC transfers-in") the Trustee has taken the decision to include a DC governance statement.

Default arrangement
Members with AVC's or DC transfers-in (referred to as "DC members") who did not make an explicit choice regarding the investment of their funds, used the Prudential With Profits Fund as a default arrangement.

The objective of this fund is to provide long-term real returns, whilst smoothing the peaks and troughs of day-to-day market movements. The assets are invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. The assets of the fund are broadly invested 52% in equities within the UK and overseas, 14% in Property and 34% in a mixture of Fixed Interest and Cash. The fund is expected to produce attractive long-term returns, but the return on these assets can be volatile and so the fund is actively managed to optimise the returns whilst controlling risk.

By investing in this manner, the Trustee expects to deliver growth over the member's lifetime within the Scheme without excessive risk taking. The Trustee considers this approach to be in the best interests of relevant members and relevant beneficiaries based on the limited fund choices made available by Prudential. The principles noted above were last reviewed by the Trustee in May 2016 and are due to be reviewed every three years thereafter.

Processing scheme transactions
The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to these DC members are processed promptly and accurately.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Equiniti. The Trustee has reviewed the processes and controls implemented by Equiniti and consider them to be suitably designed to achieve these objectives. The Trustee has also agreed service levels and reporting of performance against those service levels, which the Trustee periodically reviews and compares against service levels that other pension schemes receive.

In the light of the above, the Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations have been met.

Transaction costs
The Administration Regulations require the Trustees to make an assessment of charges and transaction costs borne by DC members and the extent to which those charges and costs represent good value for money for members.

Transaction costs - continued
The default arrangement does not declare a specific Annual Management Charge or ongoing charges, as these are factored into the declared return published by Prudential, but are not explicitly detailed, although these are anticipated to be in the region of 1% of assets under management for all members. This is higher than the maximum allowed of 0.75% under the new default fund charge limitations imposed as a result of auto-enrolment, although the Trustee does not believe these limitations would apply directly as this fund is not a default fund in the same manner as those used for auto-enrolment purposes.

It should be noted however that the Trustee keeps this fund under periodic review, but has decided that it is not appropriate to alter the fund, as there are very few comparable alternatives to this style of fund, and the Trustee does not believe that it is in the members' interests to switch these funds purely due to the level of charges involved.

The Trustees also make available a range of 7 alternative funds which may be chosen by members as an alternative to the Prudential With Profit's fund. These funds attract annual charges of approximately 1%, and the level of charges for each fund is set out in the "Guide to Fund Options" booklet which is available from Prudential on request. These funds allow members to take a more tailored approach to managing their own pension investments.

Trustee Directors' knowledge and understanding
Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustee directors to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustee directors properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 07.

The comments in this section relate to the Trustee Directors as a body in dealing with the whole scheme and are not restricted to the DC transfer-ins. The Trustee Directors have put in place arrangements for ensuring that they take personal responsibility for keeping themselves up-to-date with relevant developments and carry out a self-assessment of training needs. The Secretary to the Trustee reviews the self-assessments and arranges for training to be made available to individual Trustee Directors or to the whole trustee director body as appropriate. In addition, the Trustee Directors receive advice from professional advisors, and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors.

All of the existing Trustee Directors have completed the Pension Regulator's Trustee Toolkit and new Trustee Directors are required to complete this within six months of taking up office and as part of the Trustee Directors ongoing training and knowledge development, they have attended various training/conference/webinars over the last twelve months as part of their desire to share wider experiences within the market to be better positioned to respond to a changing economic and political landscape. Taking account of actions taken individually and as a trustee director body, and the professional advice available to them, the Trustee Directors consider that they are enabled properly to exercise their functions as Trustee Directors.

DC governance
The Trustee of the Crest Nicholson Group Pension Scheme has reviewed and assessed that where applicable to the DC arrangements that are part of the Scheme, its systems, processes and controls across key governance functions are consistent with those set out in The Pensions Regulator's: Code of Practice 13: Governance and administration of occupational defined contribution trust-based schemes. These are underpinned by the DC quality features.

Crest Nicholson Group Pension and Life Assurance Scheme

Chairman's DC Governance Statement
For the year ended 31 January 2018

DC governance - continued

Based on the Trustee's assessment and subject to the explanations set out below the Trustee believes that it has adopted the standards of practice set out in the DC regulatory guidance with regards to the Scheme's DC arrangements. These help demonstrate the presence of DC quality features, which the Trustee believes will help deliver better outcomes for members at retirement. In support of this, members are provided with an annual statement each year, as well as receiving separately an annual Newsletter, both of which look to encourage members to assess and review the investment of their funds.

As the Scheme is now closed to future accrual, AVC contributions are no longer being paid and transfers-in are not accepted. While the overall choice of funds for these historic DC transfers-in and AVC's are not extensive, the Trustee believes that they meet the needs of the members and where a member wishes to transfer only their AVC funds to a more recent AVC platform, there are processes in place that allow a member to do this.

The Trustee will continue to periodically review the DC investments and when appropriate, obtain relevant advice and guidance on the appropriateness of the DC providers and the range of funds made available by the Trustee to members.

The Statement regarding DC governance was approved by the Trustee on 14 JUNE 18 and signed on its behalf by:

D Revolta
Chairman

Independent auditors' report to the Trustee of the Crest Nicholson Group Pension and Life Assurance Scheme

Report on the audit of the financial statements

Our opinion

In our opinion, the Crest Nicholson Group Pension and Life Assurance Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 January 2018, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the annual report and financial statements, which comprise: the statement of net assets available for benefits as at 31 January 2018; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Reporting on other information

The other information comprises all the information in the annual report and financial statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the Trustee of the Crest Nicholson Group Pension and Life Assurance Scheme

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for the ensuring that the financial statements are prepared and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intend to wind up the Scheme, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

Date: 20 June 2018

Independent auditors' statement about contributions to the Trustee of the Crest Nicholson Group Pension and Life Assurance Scheme

Statement about contributions

Opinion

In our opinion, the contributions required by the schedule of contributions for the Scheme Year ended 31 January 2018 as reported in Crest Nicholson Group Pension and Life Assurance Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the Scheme actuary on 6 November 2015.

We have examined Crest Nicholson Group Pension and Life Assurance Scheme's summary of contributions for the Scheme Year ended 31 January 2018 which is set out on page 18 of the Trustee's Report.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the schedule of contributions and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

Date: 20 June 2018

Fund Account for the Scheme Year ended 31 January 2018

	Notes	2018 £	2017 £
Contributions and benefits			
Employer contributions		9,000,000	9,000,000
Total contributions	4	9,000,000	9,000,000
Benefits paid or payable	5	(4,677,387)	(4,785,109)
Transfers out	6	(825,966)	(1,453,174)
Administrative expenses	7	(594,659)	(471,552)
		(6,098,012)	(6,709,835)
Net additions from dealings with members		2,901,988	2,290,165
Returns on investments			
Investment income	8	2,843,374	2,953,338
Change in market value of investments	9	7,404,076	25,959,495
Investment management expenses	11	(357,394)	(331,403)
Net returns on investments		9,890,056	28,581,430
Net increase in the fund during the Scheme Year		12,792,044	30,871,595
Net assets of the Scheme:			
At 1 February		189,939,937	159,068,342
At 31 January		202,731,981	189,939,937

The accompanying notes on pages 28 to 40 form an integral part of these financial statements.

Statement of Net Assets (available for benefits) at 31 January 2018

	Notes	2018	2017
		£	£
Investment assets	9		
Pooled investment vehicles	12	168,510,593	143,660,311
Equities		8,772,029	8,819,455
Bonds		7,393,984	12,839,069
Derivatives	13	334,301	82,751
Insurance policies	14	63,804	62,141
Insurance policies - Annuities	14	8,800,000	9,200,000
AVC investments	15	3,403,447	2,929,306
Interest due		6,325	7,555
Cash deposits		1,930,630	1,041,832
Cash in transit		-	8,557,204
		199,215,113	187,199,624
Investment liabilities			
Derivatives	13	-	(57,392)
		-	(57,392)
Total net investments		199,215,113	187,142,232
Current assets	18	3,760,040	2,969,165
Current liabilities	19	(243,172)	(171,460)
Net assets of the Scheme at 31 January		202,731,981	189,939,937

The accompanying notes on pages 28 to 40 form an integral part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the assets at the disposal of the Trustee. They do not take into account obligations to pay pensions and benefits which fall due after the end of the Scheme Year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on page 7 of the annual report and these financial statements should be read in conjunction with it.

The financial statements were approved by the Trustee on 14 JUNE 2018

Signed on behalf of the Trustee

Notes to the financial statements

1. General information

The Scheme provides retirement benefits for Members and their Dependants. The Scheme, which is legally and financially separate from the Employers, is constituted by a Trust Deed and is administered in accordance with the Rules by the Trustee. The Scheme is a defined benefit scheme which means that the benefits under it are calculated on a pre-determined basis specified in the Scheme Rules. The address of the Scheme's principal office is disclosed on page 4.

The Scheme is a Registered Pension Scheme within the meaning given by section 150(2) of the Finance Act 2004. To the Trustee's knowledge, there is no reason why the Scheme's Registration should be prejudiced or withdrawn.

Members of the Scheme were contracted-out of the earnings-related part of the State scheme until 30 April 2010.

The Scheme closed to new entrants with effect from 1 October 2001. The Scheme closed to future accrual (and death benefits ceased) on 30 April 2010.

2. Basis of preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised November 2014).

3. Accounting policies

The principal accounting policies applied are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

All items of income and expenditure shown in the Fund Account have been accounted for according to when they were due to be received and paid respectively, except where noted below.

- The functional and presentational currency of the Scheme is Pounds Sterling (GBP).
- Deficit funding contributions from the employer are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.
- Transfer values are accounted for when the trustees of the receiving scheme have accepted liability for the transfer.
- Benefits payable include all valid benefit claims notified to the Trustee during the accounting period. Retirements are included in the financial statements based on the later of the date of retirement or the date the option form has been signed.
- Pensions in payment, including those funded by annuity contracts are accounted for in the period to which they relate.
- Interest and bonuses are credited / charged to the Scheme according to when the cash is physically received and paid.
- Investments are included at fair value.

3. Accounting policies - continued

- The values of the pooled investment vehicles at the year end date have been derived using information provided by the respective fund manager. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.
- Equities traded through the Stock Exchange Electronic Trading Service ("SETS") are valued on the basis of the bid price. Other quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant stock market.
- Derivative contracts are stated at fair value. The fair value of the forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract. The fair value of the exchange traded options is determined using the exchange price for closing out the option at the reporting date. If a quoted market price is not available on a recognised exchange the over the counter ("OTC") contract options' fair value is determined by the investment manager using generally accepted pricing models.
- Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.
- Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions, updated for market conditions as at the year end.
- AVC investments are stated at values as at 31 January 2018 as advised by the investment managers.
- Investment management expenses that are inherent in the calculation of unit prices are not separately identified.

4. Contributions

	2018	2017
	£	£
Employers		
deficit funding	9,000,000	9,000,000
	9,000,000	9,000,000

Under the Schedule of Contributions currently in force, the employer is required to pay deficit funding contributions of £9,000,000 annually until November 2017 followed by additional contributions of £9,000,000 annually from December 2017 until August 2021.

The Trustee and Crest Nicholson plc have agreed that when the Scheme is:

- at least 95% funded on the Secondary Funding Basis for a period of 3 consecutive months then Crest Nicholson plc will have the option for any remaining additional contributions to be held separately from the Scheme's assets in an escrow account, but where the Trustee has a priority over the use of such funds depending on the future requirements of the Scheme; or
- at least 100% funded on the Secondary Funding Basis (allowing for any monies held in escrow) for a period of 3 consecutive months then Crest Nicholson plc will have the option to cease additional contributions.

Crest Nicholson Group Pension and Life Assurance Scheme

Notes to the financial statements

5. Benefits paid or payable	**2018**	**2017**
	£	**£**
Pensions payable	(4,415,591)	(4,295,833)
Commutation of pensions and lump sum retirement benefits	(244,222)	(481,115)
Lump sum death benefits	(12,690)	-
Contributions refunded on death	(4,884)	(8,161)
	(4,677,387)	(4,785,109)

6. Transfers out	**2018**	**2017**
	£	**£**
Individual transfers out to other schemes	(825,966)	(1,453,174)
	(825,966)	(1,453,174)

7. Administrative expenses	**2018**	**2017**
	£	**£**
Administration and processing	(106,742)	(112,011)
Actuarial fees	(92,450)	(151,270)
Audit fee	(19,540)	(22,745)
Legal and other professional fees	(161,049)	(12,246)
Consultant's fees	(214,878)	(173,280)
	(594,659)	(471,552)

8. Investment income	**2018**	**2017**
	£	**£**
Dividends from equities	404,831	443,266
Income from pooled investment vehicles	1,627,497	1,653,313
Income from bonds	28,761	64,223
Annuity income	777,640	785,732
Bank interest receivable	4,645	6,804
	2,843,374	2,953,338

Notes to the financial statements

9. Reconciliation of investments

	Value at 1 February 2017 £	Purchases at cost and derivative payments £	Sales proceeds and derivative receipts £	Change in market value £	Value at 31 January 2018 £
Pooled investment vehicles	143,660,311	74,334,683	(55,978,474)	6,494,073	168,510,593
Equities	8,819,455	4,250,973	(4,884,380)	585,981	8,772,029
Bonds	12,839,069	4,933,682	(9,878,573)	(500,194)	7,393,984
Derivatives	25,359	290,730	(645,441)	663,653	334,301
Insurance policies	62,141	-	-	1,663	63,804
Insurance policies - Annuities	9,200,000	6,147	-	(406,147)	8,800,000
AVC investments	2,929,306	7,116	(98,022)	565,047	3,403,447
	177,535,641	83,823,331	(71,484,890)	7,404,076	197,278,158
Interest due	7,555				6,325
Cash deposits	1,041,832				1,930,630
Cash in transit	8,557,204				-
Total investment assets	187,142,232				199,215,113

The change in market value of investments during the Scheme Year comprises all increases and decreases in the value of investments held at 31 January 2018.

Opening cash in transit represents changes to scheme investments taking place over the prior year end but which had not completed at the year end date. This includes £5m and £3m investment payments moving from the Scheme's bank account to CQS and L&G respectively, £500k moving from Schroder to L&G and £57k paid from BlueCrest to the Scheme's bank account.

Investments held in some pooled investment vehicles can include contract terms which restrict realisation such as an agreed notice period to exit. Investments in the two structured product vehicles with Gilliat Financial Solutions have fixed terms which may affect the value of the amounts realised if exited before the expiry dates. One, totalling £10,318,968 has a term fixed for 6 years from December 2012. The other, totalling £10,393,000, has a term fixed for 7 years from July 2014.

Concentration of investments

The following investments represented more than 5% of the net assets of the Scheme.

	2018		2017	
	£	%	£	%
L&G Over 5 yr Index-Linked Gilts Fund	39,504,733	19.5%	34,362,511	18.1%
CQS Convertible Opportunities Fund	19,738,612	9.7%	9,873,002	5.2%
IIFIG Secured Finance Fund	18,947,831	9.3%	-	0.0%
SGM Major Markets Investment Fund GBA	18,343,648	9.0%	-	0.0%
BlackRock Emerging Markets Local Currency	13,883,986	6.8%	8,958,527	4.7%
Mercer Multi Asset Credit Fund	13,106,900	6.5%	12,455,555	6.6%
JO Hambro Global Select Fund	10,398,902	5.1%	14,257,674	7.5%
Gilliat Index Dividend Generator	10,393,000	5.1%	9,457,000	5.0%
Gilliat Dual Index Income Builder Plus	10,318,968	5.1%	10,507,949	5.5%
Kiltearn Global Equity (Ireland) Fund	9,435,974	4.7%	14,908,172	7.8%
Schroder Life UK Equity Portfolio Series 2	-	0.0%	10,437,843	5.5%

10. Transaction costs

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. There are no direct transaction costs.

11. Investment management expenses

	2018	2017
	£	£
Administration and management	(357,394)	(331,403)
	(357,394)	(331,403)

12. Pooled investment vehicles

	2018	2017
	£	£
Equities	22,554,034	43,592,733
Alternatives	40,255,651	21,600,184
Bonds	105,401,975	78,168,758
Cash	298,933	298,636
	168,510,593	143,660,311

13. Derivatives

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme. They take the form of forward foreign exchange contracts used by Ruffer in order to reduce currency risk associated with holdings in overseas asset markets. More information can be found on page 38. Summarised details of the derivatives held at the year end are set out below:

	2018			2017		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	£	£	£	£	£	£
Forward Foreign Exchange	334,301	-	334,301	82,751	(57,392)	25,359
	334,301	-	334,301	82,751	(57,392)	25,359

The Forward Foreign Exchange contracts disclosed above are for a duration of no longer than three months. They are in Japanese Yen, US Dollars, Canadian Dollars and Euros respectively and are held to hedge currency risk rather than for performance.

14. Insurance policies

The Scheme holds an insurance policy in respect of historic money purchase transfers in for certain members. This policy was issued and valued by The Prudential Assurance Company Limited.

14. Insurance policies - continued

Certain pensions in payment are covered by annuities held by the Trustee. These policies specifically provide for the payment of benefits under the Scheme to those members and remain the assets of the Trustee. All of these policies were issued by Prudential and are valued by the Scheme actuary. The key assumptions used to value the insured annuity policies, based on market conditions as at 31 January 2018, are summarised in the table below.

Key assumptions	31 January 2018
Discount rate – post-retirement	2.57% p.a.
Price inflation – RPI	3.61% p.a.
Pension increases post retirement	
• Pension accrued before 6 April 1997	3.00% p.a.
• Pension accrued after 5 April 1997	3.39% p.a.
Post-retirement mortality	S2PA base tables projected in line with the CMI_2014 model with a long term improvement rate of 1.5% p.a.

15. AVC investments

AVC investments are identified and accounted for separately from the main investment of the Scheme. They are used to provide additional benefits for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 31 January confirming the amounts held in their AVC fund.

These funds can be further analysed as follows:

		2018	2017
Investment Manager	**Type of investment**	**£**	**£**
Prudential	Cash Accumulation	1,791,815	1,679,543
Prudential	Deposit AVCs	5,846	5,829
Prudential	Unitised fund	1,325,269	987,910
Phoenix Life	Insurance policy	10,257	9,806
Zurich	Insurance policy	2,222	2,213
Prudential (ex Scottish Amicable)	Unitised fund	268,038	244,005
		3,403,447	2,929,306

16. Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

16. Fair value determination - continued

The Scheme's investment assets and liabilities have been fair valued at 31 January 2018 using the above hierarchy categories as follows:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investment assets				
Pooled investment vehicles	-	146,673,963	21,836,630	168,510,593
Equities	8,772,029	-	-	8,772,029
Bonds	7,393,984	-	-	7,393,984
Derivatives	-	334,301	-	334,301
Insurance policies	-	-	63,804	63,804
Insurance policies - Annuities	-	-	8,800,000	8,800,000
AVC investments	-	1,611,632	1,791,815	3,403,447
Interest due	6,325	-	-	6,325
Cash deposits	1,930,630	-	-	1,930,630
	18,102,968	**148,619,896**	**32,492,249**	**199,215,113**

Analysis for the prior year end is as follows:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investment assets				
Pooled investment vehicles	-	122,292,818	21,367,493	143,660,311
Equities	8,819,455	-	-	8,819,455
Bonds	12,839,069	-	-	12,839,069
Derivatives	-	82,751	-	82,751
Insurance policies	-	-	62,141	62,141
Insurance policies - Annuities	-	-	9,200,000	9,200,000
AVC investments	-	1,249,763	1,679,543	2,929,306
Interest due	7,555	-	-	7,555
Cash deposits	1,041,832	-	-	1,041,832
Cash in transit	8,557,204	-	-	8,557,204
	31,265,115	123,625,332	32,309,177	187,199,624
Investment liabilities				
Derivatives	-	(57,392)	-	(57,392)
	-	(57,392)	-	(57,392)
	31,265,115	**123,567,940**	**32,309,177**	**187,142,232**

Crest Nicholson Group Pension and Life Assurance Scheme

Notes to the financial statements

17. Investment risk disclosures

Investment risks

FRS 102 requires disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee is responsible for determining the Scheme's investment strategy. The Trustee has set the investment strategy for the Scheme after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the Scheme which should be invested in the principal market sectors, the day-to-day management of the asset portfolio of the Scheme, including the full discretion for stock selection, is the responsibility of the investment managers. A proportion of investments are allocated to investment managers to whom the Trustee delegates the decision regarding allocation across principle market sectors and/or sub funds.

The Scheme has exposure to these risks because of the investments it makes in implementing the investment strategy set out below. The Trustee, after taking appropriate advice, manage investment risks within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. The investment objectives and risk limits of the Scheme are further detailed in the SIP.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

Fund	2018 £	2017 £	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Pooled investment vehicles						
- Direct	168,510,593	143,660,311	x	x		x
- Indirect			x	x	x	x
Equities	8,772,029	8,819,455		x		x
Bonds	7,393,984	12,839,069	x	x	x	
Derivatives	334,301	25,359	x	x		x
Insurance policies	63,804	62,141	x		x	
Insurance policies - Annuities	8,800,000	9,200,000	x			
AVC investments	3,403,447	2,929,306	x	x	x	x
	197,278,158	177,535,641				

17. Investment risk disclosures - continued

Pooled investment vehicles are subject to different indirect risks dependent on the type of funds. These funds have been classified in note 12.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the Additional Voluntary Contribution investments as these are not considered significant in relation to the overall investments of the Scheme. The Scheme has legacy annuity policies held in the Trustee's name. These will be subject to credit risk in respect of the solvency of the insurer. This risk is mitigated by the due diligence performed on the insurer when the policies were taken out. In addition, there will be a degree of protection offered by the Financial Services Compensation Scheme should the insurer have financial difficulties which threaten its ability to meet its obligations.

Investment Strategy

The Scheme's current strategy is to hold:

- 57.0% in fixed income assets which share some characteristics with the long-term liabilities of the Scheme. These are all pooled investment vehicles, except for holdings with Gilliat.
- 43.0% in growth investments compromising of 10.0% in Equity and 33.0% in Alternative assets. The mandate held with Ruffer is a segregated holding; all other growth investments are in pooled investment vehicles.

The benchmark was updated on 1 February 2017 and subsequently on 1 October 2017 following a decision to reduce the Scheme's equity allocation.

Credit Risk
The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Scheme invests in pooled investment vehicles ("PIVS") (see note 12) and is therefore directly exposed to credit risk arising from these PIVs. This refers to the risk that the investment manager of the PIV is unable to honour the contract, or the units of the vehicle, in which it entered into with the Scheme.

The Scheme is also indirectly exposed to credit risks arising on the underlying fixed income investments held by the PIVs. The PIVs, in which the Scheme holds units, purchase financial instruments (e.g. bonds) from companies. Indirect credit risk is the risk that the counterparty to these underlying investments default on their obligation. This would result in a financial loss for the PIV, and subsequently the Scheme.

It should be noted that the above examples are only an indication of how the Scheme is exposed to credit risk; it is not an exhaustive list. Further details on how such risks arise, and how they are mitigated, are provided below.

17. Investment risk disclosures - continued

Credit Risk - continued

Pooled Investment Arrangements

The Scheme's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustee, after taking appropriate advice, manages and monitors the credit risk arising from the pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

Direct credit risk from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

Investments backing unit-linked insurance contracts are comingled with the insurer's own assets and direct credit risk is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight. The Trustee delegates to their investment advisors the responsibility to carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager. The Trustee receives regular reports and alerts from their investment advisors with regards to these pooled investment managers.

Indirect credit risk arises in relation to underlying investments held in the fixed income investment vehicles including bonds held within CQS, GMO, BlueCrest, Insight, BlackRock and MGIM MAC funds. CQS, BlueCrest, Insight, BlackRock, and MGIM MAC may additionally hold non-investment grade credit rated instruments, with a view to generating additional returns. Indirect credit risk is mitigated through diversification of the underlying securities to minimise the impact of default by one issuer.

Some of the Scheme's pooled arrangements invest in other pooled arrangements. The Trustee, having taken appropriate advice, has considered the impact of these arrangements in relation to the Scheme's exposure to failure by the sub-funds who may have different regulatory protections compared to the pooled investment being made directly by the Scheme, and it believes that the indirect credit risk arising from these sub-funds are appropriate due to potential reward.

Segregated Investment Arrangements

The Ruffer strategy forms part of the return seeking assets of the Scheme and direct credit risk exposure of the investments is actively managed in order to optimise the risk/return profile of the portfolio. Currently credit risk arising from directly held bonds is mitigated by investing in government bonds where the credit risk is minimal. Ruffer make this assessment using a combination of both an in-house credit assessment and the use of credit ratings.

Credit risk arising from cash holdings in the Ruffer portfolio is managed by diversifying cash under management across a number of institutions once a review into the creditworthiness and quality of each bank, including due diligence required by the FCA, has been undertaken. Limits which prevent more than 40% of cash being held on deposit with any one bank are monitored daily and reported internally.

17. Investment risk disclosures - continued

Credit Risk - continued

The Scheme's segregated mandate additionally exposes the Scheme to counterparty risk. In the Ruffer portfolio, Ruffer have limits to monitor the total mark-to-market exposure with each counterparty. Limits are set based upon quantitative and qualitative conditions relating to their view of each counterparty's creditworthiness, their investment approach and the general market environment. Ruffer has set procedures for the establishment and review of these limits as well as escalation procedures to identify and resolve breaches to these limits in a timely manner.

Ruffer additionally holds exchange traded derivatives (see note 13). Credit risk in these instruments is mitigated through the monitoring and payment receipt of variation margin, in addition to any initial margin paid at the outset of contracts. Currency hedges in the form of Forward FX contracts are executed with the client or fund's custodian. Due diligence is performed at least annually on each of these custodians including a review of their creditworthiness as well as their procedures and controls.

In the Scheme's investments with Gilliat, credit risk is managed through two methods. The first is to select counterparties whose credit rating is no lower than A-, as rated by S&P. The second method is to diversify counterparty risk through the use of multiple counterparties.

Currency Risk
The risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Pooled Investment Arrangements

The Scheme is subject to indirect currency risk arising from the Scheme's investment in sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currencies.

The Scheme is also subject to direct currency risk through the Scheme's investment in the pooled investment vehicle with Kiltearn as this fund totalling £9.4m (2017: £14.9m) is priced in US dollars.

Segregated Investment Arrangements

The Scheme is subject to direct currency risk through the investments denominated in foreign currencies in the segregated mandate with Ruffer. Ruffer is cognisant of the sterling base currency of the Scheme, and foreign currency exposure is only sought when said currency fulfils an empirical and qualitative assessment suggesting its inclusion is beneficial to the overall risk/return profile of the portfolio. Any unwanted currency risk is mitigated within the Ruffer mandate by the use of forward foreign exchange contracts.

The Gilliat investment incurs no currency risk as it is priced in sterling.

17. Investment risk disclosures - continued

Interest Rate Risk
The risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Pooled Investment Arrangements

The Scheme is subject to indirect interest rate risk on the fixed income investments held through pooled investment vehicles, and through cash holdings.

The Trustee has set a benchmark for total investment in fixed income defensive assets of 22.0% (as at 31 January 2018) of the total investment portfolio. Under this portfolio, if interest rates fall, the value of the investments is expected to rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the fixed income defensive assets should fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The benchmark for fixed income growth assets is 35.0% (as at 31 January 2018) of the total investment portfolio. The purpose of this portfolio is to generate returns in excess of liability return through income yielding assets such as emerging market debt.

As at 31 January 2018 fixed income and cash assets represented 56.5% (2017: 46.2%) of the total actual investments portfolio. This does not include any fixed income or cash assets held within Ruffer, GMO, BlueCrest or CQS.

Segregated Investment Arrangements

The Scheme is subject to direct interest rate risk through the fixed income investments held within the Ruffer segregated mandate. As the Ruffer strategy forms part of the return seeking assets of the Scheme, interest rate risk is actively managed in order to optimise the risk/return profile of the portfolio. Scheme liabilities play no role in defining interest rate exposure within the Ruffer portfolio. Interest rate exposure may be tactically mitigated by the use of limited liability interest rate derivatives.

Other Price Risk
The risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes the UK and global equities and alternative mandates.

The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

As at 31 January 2018 return seeking assets represented 43.5% (2017: 53.8%) of the total Scheme portfolio.

18. Current assets

	2018	2017
	£	£
Due from employer	-	137,423
Cash balances	3,760,040	2,831,742
	3,760,040	2,969,165

19. Current liabilities

	2018	2017
	£	£
Unpaid benefits	(5,197)	(61,526)
Accrued expenses	(237,975)	(109,934)
	(243,172)	(171,460)

20. Employer-related investments

The Scheme's investments are invested in accordance with the employer-related investment regulations. As all of the investments made, with the exception of Ruffer and Gilliat, are via pooled vehicles, it is possible for the Scheme to have had indirect exposure to the employer, but the nature of pooled investments means that the Trustee has no influence on this decision.

As at 31 January 2018 the Scheme did not hold any employer related investments.

21. Related party disclosures

Certain administrative services were provided free of charge by the sponsoring employer. The sponsoring employer also paid Trustee fees/expenses totalling £41,155 (2017: £40,164) during the year.

The Trustee has an agreement with the Principal Employer regarding security against the Deficit Reduction Plan. This agreement is an arrangement with security (first charge) over a large site in the south of England (the "Land Security Package"). The value of the Land Security Package reduces over time on a monthly basis assuming that monthly deficit reduction payments continue to be made.

Jeremy Fry was a deferred member of the Scheme during the Scheme Year and at the Scheme Year end, and was employed by a Participating Employer.

Actuary's certification of schedule of contributions

Name of scheme: The Crest Nicholson Group Pension & Life Assurance Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 January 2015 to be met by the end of the period specified in the recovery plan dated 6 November 2015.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 6 November 2015.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: Date: 6 November 2015

Adam Stanley
Fellow of the Institute and Faculty of Actuaries

Punter Southall Limited
Tempus Court
Onslow Street
Guildford
GU1 4SS